

**From:** First Central Bank, Donald E Moore  
**Subject:** Economic Growth and Regulatory Paperwork Reduction Act of 1996 Review

Dear Sir or madam:

I would like to make a few general comments about three items---the Farm Credit System, Credit Unions and the regulatory/compliance burden on banks--my intention is to keep my remarks short--so you will be compelled to read this email. I would be willing to expand upon my comments if you will simply contact me.

The Farm Credit system was originally formed to assist farmers and ranchers who were unable to obtain credit from a more traditional source. It was a great idea. Today we compete with the Farm Credit System---but on a playing field that provides them with too many advantages. First, they are not required to pay income tax. This in itself gives them over 240 basis points advantage on interest rate. They have expanded their customer base---with their tax advantage to "cherry picking" the best customers---this is not "the basis on which they were formed". I have no problem competing with them---but when they have the tax advantage we are asked to compete with one hand tied behind our back. I support legislation in Congress to "level the playing field" by granting banks tax relief to banks on loans to Agricultural or by implementing a tax on the Farm Credit system.

Credit Unions also have the tax advantage that banks do not enjoy. Again this is an unfair advantage. If they want to act like banks they should be taxed.

Finally, the regulatory burden on banks over the past 5 years has doubled. The Federal Government requires banks to "police" information from (1) money laundering to (2) foreign business activities--if they don't they are subject to fines and penalties. Again these regulations should apply to the Farm Credit system and credit unions or support providing banks with tax relief to allow them to compete on a level field.

Thank you.

Sincerely yours,

*Donald E. Moore*

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